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DOC #:
DATE FILED: 9-28-10

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MEMO ENDORSED

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September 27, 2010

The Honorable P. Kevin Castel
United States District Court
Southern District of New York
United States Courthouse
500 Pearl Street
New York, New York 10007

RE: Securities and Exchange Commission v. Smart Online, Inc., et. al., 07 Civ. 7960 (PKC)

Dear Judge Castel:

We represent Dennis Michael Nouri and Eric Nouri, defendants in the above-captioned action.

We write to provide an update to Your Honor with respect to the status of the parallel criminal proceeding in United States v. Dennis Michael Nouri et. al., 07-CR-1029 (DC) (S.D.N.Y.) and to request an adjournment of the status conference currently scheduled before this Court on September 30, 2010 at 12:00 p.m.

In the criminal proceeding, Judge Chin held a hearing on restitution on September 15, 2010. On September 24, 2010, the Court ordered Michael Nouri to pay restitution in the amount of \$2,273,589 and Eric Nouri to pay restitution in the amount of \$1,132,219. Based on that order, we are currently discussing a resolution with the SEC that we expect to present to the court in 60 days. Therefore, we respectfully request an adjournment until November 29, 2010.

Counsel for the SEC has indicated that they have no objection to the request for an adjournment.

Respectfully submitted,

Douglas M. Tween
Douglas M. Tween

cc: Sheldon Mui (via e-mail)
Eric Berry (via e-mail)
Alain Lustig (via US mail)
Anthony Martin (via US mail)

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Conference adjourned from September 30 to December 9 at 12:30pm.
SO ORDERED

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Mr. Tween is directed to fax a letter to Chambers by December 1, 2010 reporting on the status of settlement. If the case is not fully resolved, the parties should arrive at the December 9 conference with a proposed case management plan to bring this case to conclusion. There will be no adjournment of the December 9 conference.
SO ORDERED
[Signature]
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11-24-10